

STATEMENT BY CONGRESSMAN SHERWOOD BOEHLERT (R-NY)
On Introducing a Bill to Increase Fuel Economy Standards
9-14-05

We're here today to advocate a simple, moderate change in energy policy that would have important effects on our national security. It also would benefit our economy and save consumers at the gas pump. We're advocating an improvement in vehicle fuel economy standards.

Hurricane Katrina did more two weeks ago than leave behind a devastated coastline and an abandoned city. It also exposed how vulnerable we remain to high gas prices and disruptions in our oil supply. It laid bare our comfortable indifference to an inefficient transportation sector. And it swept away the illusion that a successful business strategy for automakers is to bet the farm on gas guzzlers and simply pray for eternally low gasoline prices.

With gas prices well over \$3.00 a gallon, you don't get much change from \$100 when you fill the tank of an average SUV or pickup. That's painful for a family on a back-to-school budget – that's painful for any family.

High fuel prices hurt the national economy, too, not least because we must buy from other countries almost 60 percent of the oil we consume. Over the course of the next few minutes – during the short time I take speaking to you this morning – the U.S. will send several million dollars overseas to pay for that oil.

This enormous transfer of wealth – approaching a billion dollars a day – represents a hidden tax on the American economy. It increases the trade deficit, reduces the strength of the dollar, drives up the cost of other imported goods, stunts the growth of the nation's GDP, and costs the economy jobs.

Even more importantly, our heavy reliance on foreign nations for oil – many of which are troubled, unstable, or openly hostile to us – makes our dependence a dangerous liability. No less than our national security is at stake.

Meanwhile, Congress has made these problems significantly worse by refusing to take simple steps to improve vehicle fuel efficiency. Cars and trucks account for almost half of the oil the nation consumes. As we drive more cars and trucks and drive them farther, our oil consumption is expected to grow by almost 50 percent over the next 20 years.

And world demand is increasing, too. China's demand for oil is growing seven times faster than ours. By 2030, it is expected to surpass the U.S. to become the world's largest oil consumer. World oil supply can barely keep pace with the growth in demand. The days of one dollar gasoline are gone.

Yet vehicle fuel economy standards have largely been allowed to languish. Standards for cars are the same as they were in 1985. President Bush recognized that something must be done, and recently raised standards somewhat for SUVs and pickup trucks. But prior to that, those standards had remained unchanged since 1996.

Clearly, more must be done. U.S. fuel economy standards lag behind those of almost every other developed nation, including Australia and Canada, which recently signed an agreement with the world's major automakers effectively to improve fuel economy by 25 percent in five years.

But in the U.S., the average vehicle today can travel no farther on a gallon of gasoline than in 1982. Unfortunately for you and me, gasoline today costs more. All of us who are stuck paying nearly \$100 to fill up our tanks are feeling the pinch.

Our bill can help. It would raise federal fuel efficiency (or CAFE) standards for cars and trucks from today's average of 25 miles per gallon to at least 33 miles per gallon over the next 10 years. And we know these standards are realistic because the National Academy of Sciences, in a report released in 2002, pointed out all the technologies that automakers can use to meet them.

You might even say that the National Academy of Sciences erred on the conservative side, because it didn't include hybrids or clean diesel engines in its study. Automakers that use these technologies, as many now are doing, might even be able to meet higher standards.

Our bill also directs the Administration to set CAFE standards in a way that doesn't sacrifice safety. We think that's perfectly reasonable because the National Academy of Sciences stated clearly that the technology exists to raise fuel economy standards without sacrificing safety. And even the Alliance for Automobile Manufacturers admitted in a hearing before my committee last February that greater fuel economy needn't come at the expense of safety.

Our bill includes two provisions to make CAFE standards less costly to American companies. First, it uses market mechanisms to increase CAFE flexibility. The bill creates a CAFE credit-trading program that would allow automakers who cannot meet the standards to buy credits from those who exceed them. A similar strategy was used in the successful Acid Rain Trading Program, and has helped lower the cost and quicken the pace of cutting air pollution from power plants.

Secondly, our bill endorses an idea recently proposed by the Administration to regulate vehicles by size, setting separate standards for each size-class. Size-based standards can ensure that CAFE regulations don't fall disproportionately on domestic manufacturers. While we're silent on how those classes should be set up, we believe that regulating vehicles by size is an important reform that was also recommended by the National Academy of Sciences.

Unfortunately, the Administration's proposal does not include any way to prevent automakers from gaming the size-based system by simply making vehicles bigger, and thus escaping more stringent standards. Without an overall, fleet-wide standard, gaming could further erode fuel economy and leave the nation and consumers worse off than we were before. That's why our bill combines an overall standard for fuel economy with the flexibility allowed by size-based standards.

Our bill would significantly reduce our reliance on foreign oil, saving 2.6 million barrels of oil every day by 2025. In an increasingly hostile world, that's an important improvement in energy security.

Finally, our bill will save consumers money at the pump, and the savings are enormous. Under our bill, buyers of large SUVs and pickup trucks would save \$2,000 in fuel costs over the life of the vehicle, even after paying the additional costs of new fuel-efficient technologies. Families buying minivans would save over \$1,000. And these savings were calculated assuming gasoline costs of \$2 per gallon. At today's prices, the savings would be even greater.

We're looking forward to the debate shaping up in Congress over how to respond to the high gasoline prices that Katrina left behind. Now that our vulnerabilities have been made plain for all to see, we hope our colleagues will embrace this moderate, but essential step we can take to save consumers money at the pump, reduce our dangerous dependence on foreign oil, and improve our national security.